

# भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 2

PART II—Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं 5] नई दिल्ली, शुक्रवार, मार्च 3, 1978/फाल्गुन 12, 1899  
No. 5] NEW DELHI, FRIDAY, MARCH 3, 1978/PHALGUNA 12, 1899

इस भाग में भिन्न पृष्ठ संख्या दी जाती हैं जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation

## LOK SABHA

The following Bills were introduced in Lok Sabha on the 3rd March, 1978:—

BILL No. 18 OF 1978

*A Bill further to amend the Reserve Bank of India Act, 1934.*

Be it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the Reserve Bank of India (Amendment) Act, 1978.

Short  
title and  
com-  
mence-  
ment.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

2 of 1934.

2. In the Reserve Bank of India Act, 1934 (hereinafter referred to as the principal Act), for the words "Agricultural Refinance Corporation", wherever they occur, the words "Agricultural Refinance and Development Corporation" shall be substituted.

Change  
of nomen-  
clature  
of Agri-  
cultural  
Refinance  
Corpora-  
tion.

3. In section 2 of the principal Act,—

(i) for clause (c), the following clauses shall be substituted, namely:—

Amend-  
ment  
of sec-  
tion 2.

'(bix) "foreign currency" and "foreign exchange" have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973;

46 of 1973.

(c) "Industrial Finance Corporation" means the Industrial Finance Corporation of India established under the Industrial Finance Corporation Act, 1948;'

15 of 1948.

(ii) after clause (f), the following clause shall be inserted, namely:—

'(fi) "State Financial Corporation" means any State Financial Corporation established under the State Financial Corporation Act, 1951;'

63 of 1951.

Amend-  
ment of  
section 17.

4. In section 17 of the principal Act,—

(i) in clause (3), in sub-clause (a), the words “in amounts of not less than the equivalent of one lakh of rupees” shall be omitted;

(ii) in clauses (4) and (4A), the words and figures “established under the State Financial Corporations Act, 1951,” shall be omitted;

(iii) in clause (4B), the words and figures “established under the Industrial Finance Corporation Act, 1948” shall be omitted;

(iv) after clause (4H), the following clause shall be inserted, namely:—

“(4-I) the making to scheduled banks, the Development Bank, the Industrial Finance Corporation and any other financial institution as may, on the recommendation of the Bank, be approved in this behalf by the Central Government of loans and advances repayable on demand or otherwise and against such security and on such other terms and conditions as may be approved in this behalf by the Central Board for the purpose of enabling such banks, or financial institution, as the case may be, to purchase foreign exchange from the Bank for the purpose of financing the import of capital goods or for such other purposes as may be approved by the Central Government;”;

(v) in clause (11), the words and figures “established under the Industrial Finance Corporation Act, 1948” shall be omitted;

(vi) for clause (12), the following clause shall be substituted, namely:—

“(12) the purchase and sale of gold or silver coins and gold and silver bullion and foreign exchange and the opening of a gold account with the principal currency authority of any foreign country or the Bank of International Settlements or any international or regional bank or financial institution formed by such principal currency authority or authorities or by the Government of any foreign country;”;

(vii) for clause (12A), the following clause shall be substituted, namely:—

“(12A) the purchase and sale of securities issued by the Government of any country outside India or by any institution or body corporate established outside India and expressed to be payable in a foreign currency or any international or composite currency unit, being in the case of purchase by the Bank securities maturing within a period of ten years from the date of purchase:

Provided that in the case of securities of an institution or body corporate, the repayment of principal and payment of interest in respect of such securities shall be guaranteed by the Government of the country concerned;”;

(viii) after clause (12A) as so amended, the following clause shall be inserted, namely:—

“(12B) the making of loans and advances in foreign currencies to scheduled banks, the Development Bank, the Industrial Finance Corporation, any State Financial Corporation and any other financial institution as may, on the recommendation of the Bank, be approved by the Central Government and on such terms and conditions as may be specified by the Central Board

in this behalf, against promissory notes of such banks or financial institution, as the case may be:

Provided that the borrowing bank or financial institution, as the case may be, furnishes a declaration in writing to the effect that—

(a) it has made loans and advances in foreign currencies for financing international trade or for the import of capital goods or for such other purposes as may be approved by the Central Government; and

(b) that the amount of loans or advances so made and outstanding at any time will not be less than the outstanding amount of the loans or advances obtained by it from the Bank;”;

(ix) for clause (13), the following clause shall be substituted, namely:—

“(13) the opening of an account with an office outside India of any bank, including a bank incorporated in India or the making of an agency agreement with, and the acting as an agent or correspondent of, any bank incorporated outside India, or the principal currency authority of any country under the law for the time being in force in that country or any international or regional bank or financial institution formed by such principal currency authorities or foreign governments, and the investing of the funds of the Bank in the shares and securities of any such international or regional bank or financial institution or of any other foreign institution as may be approved by the Central Board in this behalf;”.

5. In section 18 of the principal Act, clause (2) shall be omitted.

Amendment of section 18.

6. In section 33 of the principal Act, in sub-section (6), in clause (i).—

Amendment of section 33.

(1) in sub-clause (a),—

(a) after the words “International Finance Corporation”, the words “or Asian Development Bank” shall be inserted;

(b) for the words “any commercial bank notified by the Central Government”, the words “any banking or financial institution notified by the Central Government” shall be substituted; and

(c) for the words “period of five years”, the words “period of ten years” shall be substituted;

(2) in sub-clause (c), for the words “within five years”, the words “within ten years” shall be substituted.

7. In section 46C of the principal Act, in sub-section (2), in clause (a), the words and figures “established under the Industrial Finance Corporation Act, 1948” and “established under the State Financial Corporations Act, 1951” shall be omitted.

Amendment of section 46C.

8. In section 48 of the principal Act, in sub-section (1), for the words and figures “Indian Income-tax Act, 1922”, the words and figures “the Income-tax Act, 1961” shall be substituted.

Amendment of section 48.

9. In section 53 of the principal Act, in sub-section (1), for the words “published weekly in the Gazette of India”, the words “published in the Gazette of India at such intervals and in such modified form as it may deem fit” shall be substituted.

Amendment of section 53.

## STATEMENT OF OBJECTS AND REASONS

During the last few years India's foreign exchange reserves have increased sizeably. There are also new opportunities for investment of reserves available now. It is, therefore, necessary that the Reserve Bank should have adequate authority to invest and utilise these reserves to the best advantage.

2. Accordingly, it is proposed to amend the Reserve Bank of India Act, 1934, for empowering the Reserve Bank to open gold accounts abroad, invest in foreign securities guaranteed by a foreign government, open accounts with foreign branches of Indian banks and invest in the shares and securities of an international or regional banks or financial institutions formed by foreign governments or principal currency authorities.

3. It is also proposed to amend the Act to empower the Reserve Bank to give loans in foreign currencies to scheduled banks and certain specified financial institutions to enable them to purchase foreign exchange from the Reserve Bank for financing import of capital goods and other approved purposes. The Reserve Bank is being empowered to give to scheduled banks and certain specified financial institutions loans in foreign currency by way of refinance in respect of foreign currency loans given by them for financing international trade, import of capital goods and other approved purposes.

4. Opportunity is being taken to make certain formal amendments to the Act.

5. The Bill seeks to give effect to the above objects.

NEW DELHI;

The 7th February, 1978.

H. M. PATEL.

## BILL No. 20 OF 1978

*A Bill to provide in the public interest for the demonetisation of certain high denomination bank notes and for matters connected therewith or incidental thereto.*

WHEREAS the availability of high denomination bank notes facilitates the illicit transfer of money for financing transactions which are harmful to the national economy or which are for illegal purposes and it is therefore necessary in the public interest to demonetise high denomination bank notes;

Be it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

- |  |                                       |
|--|---------------------------------------|
| 1. (1) This Act may be called the High Denomination Bank Notes (Demonetisation) Act, 1978. | Short title, extent and commencement. |
| (2) It extends to the whole of India.  |                                       |
| (3) It shall be deemed to have come into force on the 16th day of January, 1978.           |                                       |

Defini-  
tions.

2. In this Act, unless the context otherwise requires,—

(a) “bank” means—

(i) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949; 10 of 1949.

(ii) the State Bank of India constituted under the State Bank of India Act, 1955; 23 of 1955.

(iii) a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959; 38 of 1959.

(iv) a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970; 5 of 1970.

(v) a regional rural bank established under sub-section (1) of section 3 of the Regional Rural Banks Act, 1976; 21 of 1976.

(vi) a co-operative bank as defined in section 2 of the Reserve Bank of India Act, 1934, 2 of 1934.

and includes every branch thereof;

(b) “bank notes” means the bank notes issued by the Reserve Bank of India under section 22 of the Reserve Bank of India Act, 1934; 2 of 1934.

(c) “distinctive number” in relation to a high denomination bank note means the number including the alphabetical and numerical prefixes appearing on the face of the note;

(d) “high denomination bank note” means a bank note of the denominational value of one thousand rupees, five thousand rupees or ten thousand rupees, issued by the Reserve Bank;

(e) “public sector bank” means a bank referred to in sub-clause (ii), (iii) or (iv) of clause (a);

(f) “Reserve Bank” means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934; 2 of 1934.

(g) “scheduled bank” means a public sector bank or any other bank, being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934; 2 of 1934.

(h) “State Bank” means the State Bank of India constituted under the State Bank of India Act, 1955. 23 of 1955,

High de-  
nomination  
bank notes  
to cease  
to be legal  
tender.

3. On the expiry of the 16th day of January, 1978, all high denomination bank notes shall, notwithstanding anything contained in section 26 of the Reserve Bank of India Act, 1934, cease to be legal tender in payment or on account at any place. 2 of 1934,



4. Save as provided by or under this Act, no person shall, after the 16th day of January, 1978, transfer to the possession of another person or receive into his possession from another person any high denomination bank note.

Prohibition of transfer and receipt of high denomination bank notes.

5. (1) Every bank and Government treasury shall prepare and send to the Reserve Bank in the manner provided in this section a return showing separately under each denominational value the total value of high denomination bank notes of that value held by it at the close of business on the 16th day of January, 1978 and the distinctive numbers of high denomination bank notes of that value:

Declaration of high denomination bank notes by banks and Government treasuries.

Provided that a bank or a Government treasury in which the currency chest of the Issue Department of the Reserve Bank has been established shall also submit a separate return showing separately under each denominational value the total value of high denomination bank notes held in such currency chest at the close of business on the 16th day of January, 1978 and the distinctive numbers of high denomination bank notes of that value.

(2) Every such return shall be prepared and presented as provided in sub-section (3) in triplicate and shall be signed by the Manager of the bank or other person in charge of the bank or the Government treasury.

(3) Every return under sub-section (1) shall be presented for forwarding to the Reserve Bank to the Manager of the sub-office, office or branch of the Reserve Bank at the places specified under sub-section (2) of section 7, or to the District Magistrate, or to the Sub-divisional Magistrate or, if such Manager or Magistrate is not available, to the senior-most Revenue or Police Officer available not later than 3.00 P.M. on the 17th day of January, 1978:

Provided that if it is not feasible to present the return to any such person as aforesaid, it may be presented by handing two copies thereof not later than 3.00 P.M. on the 17th day of January, 1978 to a telegraph office, one copy for despatch by express telegram to the Reserve Bank at Bombay at the expense of the bank or the Government treasury, as the case may be, and the other copy for return to the person presenting it in the manner provided in sub-section (4), and by despatching the third copy required by sub-section (2) by registered post on the same day to the Reserve Bank at Bombay.

(4) The officer to whom the return is presented shall give back to the person presenting it one copy thereof under his signature and seal of office in acknowledgement of receipt on which shall also be recorded the time and date of receipt, and such officer shall without delay forward one copy of the return to the Reserve Bank at Bombay.

(5) The Manager or other person in charge of every bank or Government treasury shall, immediately after the preparation of the returns required to be submitted under this section, cause the high denomination bank notes mentioned therein to be kept in a separate receptacle and seal the same with his seal and of the officers having custody of such receptacle.

Exchange  
of high  
denomi-  
nation  
bank notes  
held by  
banks and  
Govern-  
ment  
treasuries.

6. (1) A bank other than a public sector bank may obtain from the Reserve Bank or a public sector bank an equivalent amount in exchange for the high denomination bank notes declared by it in the return referred to in section 5 by credit to an account maintained with the Reserve Bank or a public sector bank or in bank notes.

(2) A public sector bank may obtain from the Reserve Bank an equivalent amount in exchange for the high denomination bank notes declared by it in the return referred to in section 5 or the high denomination bank notes received by it in exchange under sub-section (1) by credit to an account with the Reserve Bank or in bank notes.

(3) A Government treasury may obtain from the Reserve Bank an equivalent amount in exchange for the high denomination bank notes declared by it in the return referred to in section 5 in bank notes or by credit to Government account.

(4) Notwithstanding anything contained in sub-sections (1), (2) and (3), where the return referred to in section 5 is presented in the manner provided in the proviso to sub-section (3) of that section, the exchange referred to in this section may be effected only by the Reserve Bank at Bombay.

(5) Every application for the exchange of high denomination bank notes under this section shall be accompanied by the copy of the return received under sub-section (4) of section 5 which contains the distinctive numbers of such bank notes.

Exchange  
of high  
denomina-  
tion bank  
notes held  
by other  
persons.

7. (1) Notwithstanding anything to the contrary contained in the Reserve Bank of India Act, 1934, any high denomination bank note owned by a person other than a bank or Government treasury may be exchanged after the 16th day of January, 1978, only on tender of the note—

2 of 1934.

(a) where the high denomination bank note is owned by an individual, by the individual himself; or where the individual is absent from India, by the individual concerned or some person duly authorised by him in this behalf; or where the individual is mentally incapacitated from attending to his affairs, by his guardian or by any other person competent to act on his behalf;

(b) where the high denomination bank note is owned by a Hindu undivided family, by the *karta*, and, where the *karta* is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of his family;

(c) where the high denomination bank note is owned by a company, by the managing director thereof, or, where for any unavoidable reason such managing director is not able to tender the note, or where there is no managing director, by any director thereof;

(d) where the high denomination bank note forms part of the assets of a firm, by the managing partner thereof, or, where for any unavoidable reason such partner is not able to tender the note, or where there is no managing partner as such, by any partner thereof not being a minor;

(e) where the high denomination bank note is owned by any other association of persons, by any member of the association or the principal officer thereof; and



(f) where the high denomination bank note is owned by any other person, by that person or by some person competent to act on his behalf;

and within the time and in the manner provided in this section.

(2) Every person desiring to tender for exchange a high denomination bank note under this section shall prepare in the form set out in the Schedule three copies of a declaration signed by him giving in full the particulars required by that form and shall, not later than the 19th day of January, 1978, deliver such copies in person together with the high denomination bank notes he desires to exchange—

(a) to either of the offices of the Reserve Bank at Bombay or to the sub-office, office or branch, as the case may be, of that bank at Ahmedabad, Bangalore, Bhubaneswar, Calcutta, Gauhati, Hyderabad, Jaipur, Kanpur, Madras, Nagpur, New Delhi and Patna; or

(b) to the main office or branch of the State Bank at the headquarters of a district; or

(c) to any other office of a public sector bank notified in this behalf by the Reserve Bank:

Provided that if such person resides in a place not within convenient reach of any such office or branch, or if, by reason of age, infirmity or illness he is unable to attend thereat, he may forward the high denomination bank notes he desires to exchange together with three copies of the declaration in respect thereof by insured post to the Reserve Bank at Bombay not later than the 19th day of January, 1978.

(3) Every declaration under this section shall, for the purpose of identifying the person making it, be attested by the manager or other person in charge of the bank, if any, with which he maintains an account, or by a salaried Magistrate or a Justice of the Peace or a police officer not below the rank of an Inspector of Police.

(4) Unless it appears that the declaration has not been complete in all material particulars, the Reserve Bank, the State Bank or any bank notified under clause (c) of sub-section (2), as the case may be, to which an application for exchange of high denomination bank notes is made under this section, shall pay the exchange value of the said notes for credit to a properly introduced account of the owner or the declarant, as the case may be, with any scheduled bank:

Provided that if the owner or declarant, as the case may be, does not have a bank account, the exchange value of the said notes shall be paid only on proper identification and until payment is so made, the amount shall remain in the custody of the Reserve Bank or the bank, as the case may be, to which the high denomination bank notes were tendered.

**(5) Where it appears that the declaration has not been completed in all material particulars, the Reserve Bank, the State Bank or the notified bank, as the case may be, to which such application as aforesaid is made shall, unless the declarant is able to supply the omission without delay, refuse to accept and pay for the bank notes to which the declaration relates, and where it does so refuse, shall return one copy of the declaration**

to the declarant after entering therein the date on which it is presented and shall refer the matter to the Central Government to which it shall forward a copy of the declaration with a brief statement of the reasons for refusing to pay for the bank notes.

(6) The Central Government may require any declarant referred to in sub-section (5) to amplify his declaration to such extent and in respect of such particulars as it thinks fit and may, unless the declarant is able to fully comply with such requirement, refuse, for reasons to be recorded in writing, to sanction the exchange of the high denomination bank notes to which the declaration relates.

(7) The Central Government or any person or authority authorised by it in this behalf may, by order in writing and for reasons to be recorded therein, extend in any case or class of cases the period during which high denomination bank notes may be tendered for exchange under this section.

Exchange of notes after the time limit specified in section 7.

8. (1) Notwithstanding anything contained in section 7, any person who fails to apply for exchange of any high denomination bank notes within the time provided in that section may tender the notes together with the declaration required under that section to the Reserve Bank at any of the places specified in clause (a) of sub-section (2) of that section, not later than the 24th day of January, 1978 together with a statement explaining the reasons for his failure to apply within the said time limit:

Provided that if such person resides in a place not within convenient reach of the sub-office, office or branch of the Reserve Bank at any of the said places or if, by reason of age, infirmity or illness, he is unable to attend thereat, he may forward the high denomination bank notes he desires to exchange together with three copies of the declaration required under section 7 by insured post to the Reserve Bank at Bombay not later than the 24th day of January, 1978, along with a statement explaining the reasons for his failure to apply within the time specified in section 7.

(2) The Reserve Bank may, if satisfied after making such inquiries as it may consider necessary that the reasons for the failure to submit the notes for exchange within the time provided in section 7 are genuine, pay the value of the notes in the manner specified in sub-section (4) of that section.

(3) Any person aggrieved by the refusal of the Reserve Bank to pay the value of the notes under sub-section (2) may prefer an appeal to the Central Government within fourteen days of the communication of such refusal to him.

Closing of banks and Government treasuries.

9. (1) All banks and Government treasuries shall be closed on the 17th day of January, 1978 for the transaction of all business except the preparation and presentation or, as the case may be, receipt of the returns referred to in section 5.

(2) Subject to the provisions of sub-section (1), the 17th day of January, 1978 shall, for the purposes of the Negotiable Instruments Act, 1881, be deemed to be a public holiday notified under that Act.

26 of 1881.

Penalties.

10. (1) If any bank fails to prepare and present within the time and in the manner provided by section 5 any return referred to in that section, or presents any return under that section which is false in any

material particular, the manager or other person in charge of the bank shall, unless he proves that the failure took place, or the false return was presented, without his knowledge or that he exercised all due diligence to prevent the same, be punishable with imprisonment for a term which may extend to three years, or with fine, or with both.

(2) Whoever knowingly makes in any declaration under section 7 any statement which is false or only partially true or which he does not believe to be true or contravenes any provision of this Act or the rules made thereunder shall be punishable with imprisonment for a term which may extend to three years or with fine or with both.

(3) An officer of a scheduled bank who makes payment out of the amount, being the exchange value of a high denomination bank note credited under sub-section (4) of section 7 to an account maintained with such bank shall, unless such account is an account which has been opened after proper introduction, be punishable with imprisonment for a term which may extend to three years, or with fine, or with both.

11. (1) No prosecution for an offence punishable under this Act shall be instituted except with the previous sanction of the Central Government.

Special provisions relating to offences.

2 of 1974.

(2) Notwithstanding anything in section 29 of the Code of Criminal Procedure, 1973, the court of a Magistrate of the first class or the court of a Metropolitan Magistrate trying an offence punishable under this Act may impose a fine exceeding five thousand rupees.

12. No suit, prosecution or other legal proceeding shall lie against the Government or any officer of the Government or against the Reserve Bank or any public sector bank or any officer of such bank for anything done or intended to be done in good faith under this Act.

Protection of action taken in good faith.

13. If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by notification in the Official Gazette, make any order, not inconsistent with the provisions of this Act, which appears to it to be necessary for the purpose of removing the difficulty:

Removal of difficulties.

Provided that every such order shall, as soon as may be after it is made, be laid before each House of Parliament.

14. (1) The Central Government may make rules for giving effect to the provisions of this Act.

Power to make rules.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the custody and disposal of high denomination bank notes tendered for exchange under this Act and of the declarations in respect thereof;

(b) the time within which applications referred to in sub-section (5) of section 6 may be made; and

(c) the time within which and the manner in which the State Bank and public sector banks notified under clause (c) of sub-section (2) of section 7 may claim reimbursement from the Reserve Bank of payments made by them in respect of high denomination bank notes accepted by them under that section.

(3) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Repeal  
and  
saving.

15. (1) The High Denomination Bank Notes (Demonetisation) Ordinance, 1978 is hereby repealed.

1 of 1978.

(2) Notwithstanding such repeal, anything done or any action taken under the Ordinance so repealed shall be deemed to have been done or taken under the corresponding provisions of this Act.

**THE SCHEDULE**  
[See section 7(2)]  
**FORM OF DECLARATION**  
(To be filled in triplicate)

1. Name of the owner of the bank notes  
(In block letters)
  2. Address: Office  
Residence
  3. Status, i.e., whether individual, Hindu undivided family, company, firm, etc.
  4. (a) Whether assessed to income-tax;  
(b) If so, name of the Income-Tax Circle/Ward/District where last assessed;  
(c) Permanent Account Number.
  5. If engaged in business, profession or vocation, name in which such business is carried on.
  6. Principal place of business, profession or vocation, and location and style of each branch.
  7. In the case of a firm, name and address of each partner.
  8. In the case of a partner in a firm, name and address of each firm or firms in which he is a partner.
  9. In the case of a salaried person, amount of salary per annum.
  10. In the case of a Government employee, Government Department and post held.
  11. In the case of a retired Government employee, last post held, Government Department under which such post was held and date of retirement.
  12. In the case of a retired employee of a non-Government employer, particulars of last post held.
  13. In the case of any other person, particulars of profession or vocation or, as the case may be, former profession or vocation.
  14. Particulars of high denomination bank notes tendered
- | Denomination | Number of Notes | Distinctive Numbers* | Total value          |
|--------------|-----------------|----------------------|----------------------|
| Rs. 1000     |                 |                      |                      |
| Rs. 5000     |                 |                      |                      |
| Rs. 10000    |                 | Rs.                  | Rupees<br>(in words) |

\*Distinctive numbers of bank notes tendered should be furnished indicating alphabetical and numerical prefixes of the notes. Attach a statement if space is not adequate.

15. Reasons for keeping the amount in cash in notes of such high denominations.
16. When and from what source did the bank notes come into possession?
17. If any of the notes tendered represent borrowings, the name(s) and address(es) of the persons from whom borrowed and the dates on which borrowed.
18. Manner in which payment of value of the bank notes is desired; i.e., in cash or payment to bank, etc.
19. If payment is to be made into a bank account full details of the bank account.
20. Has any other declaration been made in respect of other bank notes of the owner? If so, state full particulars.
21. If the declarant is not the owner of the bank notes, capacity in which declaration is signed.

I, \_\_\_\_\_, son/daughter/wife of \_\_\_\_\_ hereby solemnly declare  
(name in block letters) (name of father/husband)  
that the particulars furnished above are full, true and correct to the best of my knowledge and belief. I further declare that the bank notes tendered herewith belong to me

to \_\_\_\_\_ and are not held *benami*.  
name of owner of bank notes.

I also solemnly affirm that I have \_\_\_\_\_ not filed any other declaration under this  
filed another/other declaration(s) as per parti-

Act.

culars attached.

I further declare that I am making this declaration in my capacity as \_\_\_\_\_ and that I am competent to make this declaration and verify it.  
designation, etc.

Place : \_\_\_\_\_

Date : \_\_\_\_\_

.....  
(Signature of declarant)

I, \_\_\_\_\_ hereby testify that I know the declarant and certify  
(name in block letters)  
that the above declaration was signed in my presence.

Place : \_\_\_\_\_

Date : \_\_\_\_\_

.....  
(signature and designation)

S E A L

## STATEMENT OF OBJECTS AND REASONS

The availability of high denomination bank notes facilitates the illicit transfer of money for financing transactions which are harmful to the national economy or which are for illegal purposes. It was, therefore, considered necessary in the public interest to demonetise all bank notes of the denominational value of one thousand rupees, five thousand rupees and ten thousand rupees issued by the Reserve Bank of India. Hence, the President promulgated on the 16th day of January, 1978, the High Denomination Bank Notes (Demonetisation) Ordinance, 1978, to provide for the demonetisation of the aforementioned high denomination bank notes and for matters connected therewith or incidental thereto.

The Bill seeks to replace the said Ordinance.

NEW DELHI;

*Dated the 18th February, 1978.*

H. M. PATEL.

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PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE  
CONSTITUTION OF INDIA

[Copy of letter No. F. 5/2/78-BO.I, dated the 22nd February, 1978 from Shri H. M. Patel, Minister of Finance to the Secretary, Lok Sabha.]

The President, having been informed of the subject matter of the High Denomination Bank Notes (Demonetisation) Bill, 1978, has recommended under article 117(1) and (3) of the Constitution of India, the introduction in and consideration by Lok Sabha of the said Bill in the current session.



## FINANCIAL MEMORANDUM

Clause 7 of the Bill deals with the exchange of high denomination bank notes tendered before the 19th day of January, 1978, by persons other than banks and Government treasuries to the Reserve Bank or the State Bank or to a notified public sector bank. According to sub-clause (5) of this clause, where such bank refuses to exchange any high denomination bank notes on the ground that the declaration in respect of such notes has not been completed in all material particulars, it has to refer the case to the Central Government by forwarding a copy of the declaration with a brief statement of the reasons for refusing to pay for the bank notes. Sub-clause (6) of the clause provides for the action which the Central Government may take in relation to such cases.

2. Clause 8 of the Bill provides for exchange by the Reserve Bank of high denomination bank notes held by persons other than banks and Government treasuries after the time limit specified in clause 7. According to sub-clause (3) of this clause, any person aggrieved by the refusal of the Reserve Bank to pay the value of the notes may prefer an appeal to the Central Government.

3. The additional work-load arising out of the functions of the Central Government under sub-clauses (5) and (6) of clause 7 and sub-clause (3) of clause 8 is proposed to be discharged through the existing officers and machinery. The same has been done under the corresponding provisions of the Ordinance. The provisions of sub-clauses (5) and (6) of clause 7 and sub-clause (3) of clause 8 will, therefore, involve only incidental expenditure on stationery, correspondence and other connected matters. This expenditure will be negligible and will be met out of the normal budgetary allotment of the Department. The quantum of such expenditure and the period over which such expenditure may have to be incurred will depend upon the number of cases which may be referred under sub-clause (5) of clause 7 and the number of appeals under sub-clause (3) of clause 8 and it is not possible to make any assessment in respect of the same at this stage.

4. The provisions of the Bill do not involve any other expenditure of a recurring or non-recurring nature

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 14 of the Bill seeks to confer power on the Central Government to make rules for giving effect to the provisions of the Bill. Such rules may provide for matters, such as, the custody and disposal of high denomination bank notes tendered for exchange under this Act and of the declarations in respect thereof, the time within which applications referred to in sub-section (5) of section 6 may be made, the time within which and the manner in which the State Bank and public sector banks notified under clause (c) of sub-section (2) of section 7 may claim reimbursement from the Reserve Bank of payments made by them in respect of high denomination bank notes accepted by them under that section.

The matters in respect of which rules may be made are matters of procedure and administrative detail. The delegation of legislative power is, therefore, of normal character.

MEMORANDUM EXPLAINING THE MODIFICATIONS CONTAINED  
IN THE BILL TO REPLACE THE HIGH DENOMINATION BANK  
NOTES (DEMONETISATION) ORDINANCE, 1978

Section 8(1) of the High Denomination Bank Notes (Demonetisation) Ordinance, 1978 relates to the exchange, after the time limit specified in section 7 thereof, of high denomination bank notes held by persons other than banks and Government treasuries. This provision provides only for the tender of the notes in person. For removing the hardship caused by the provision in the case of persons unable to attend in person by reason of age, infirmity, illness or distance, a removal of difficulties order—the High Denomination Bank Notes (Demonetisation) (Removal of Difficulties) Order—was issued under section 13 of the Ordinance on the 23rd January, 1978. The proviso to sub-clause (1) of clause 8 of the Bill incorporates the substance of this Order.

Section 14 of the Ordinance confers power upon the Central Government to make rules for giving effect to the provisions of the Ordinance. The corresponding provision in the Bill seeks to spell out expressly some of the matters in respect of which rules may be made. [*Vide* sub-clause (2) of clause 14 of the Bill].

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AVTAR SINGH RIKHY,

*Secretary.*

